



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

March 6, 2008

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name of the Chief Executive Officer.

SACRAMENTO UPDATE

Legislative Budget Hearings

Both houses have scheduled hearings on the Governor's Proposed Budget this week and next before recessing for the Easter break on March 13, 2008. The full Senate Committee on Budget and Fiscal Review is meeting today to discuss the CalWORKs program. The Senate Subcommittee on Health, Human Services, Labor & Veterans Affairs will hold hearings next week on the Department of Veterans Affairs, the Emergency Medical Service Authority, and the Department of Corrections and Rehabilitation. The Senate Subcommittee on State Administration, General Government, Judicial and Transportation will hold a hearing next Wednesday on the various reform proposals relating to programs in the Department of Corrections and Rehabilitation. Finally, the full Senate Committee on Budget and Fiscal review will have a hearing next Thursday on higher education.

Next Monday, the Assembly Subcommittee on Health and Human Services will discuss Medi-Cal, and on Wednesday, it will consider the Office of Statewide Health Planning and Development and the Departments of Aging and Child Support Services. The Assembly Subcommittees on Education, State Administration and Resources also will convene next week.

Pursuit of County Position on a State Budget Item

As mentioned above, the Assembly Budget Sub-Committee on Health and Human Services has scheduled a hearing on Monday, March 10, 2008 to discuss Medi-Cal issues including the LAO's budget proposals. One of the LAO's proposals is to shift Federal Safety Net Care Pool (SNCP) and South L.A. Preservation Fund payments to other uses.

As reported in our February 1, 2008 analysis of the Governor's Proposed Budget, the Administration would shift \$54.2 million in FY 2008-09 from the SNCP and the South L.A. Preservation Fund payments from designated public hospitals to the California Children's Services, Genetically Handicapped Persons, Medically Indigent Adult Long-Term Care, and Breast and Cervical Cancer Treatment programs. The Department of Health Services (DHS) estimated that the impact on the County would be a reduction of \$14.4 million from the SNCP and \$10 million from the South L.A. Preservation Fund, and a loss of 68,000 outpatient visits.

On February 20, 2008, the Legislative Analyst's Office (LAO) recommended that the Legislature approve the Governor's proposal to shift Federal hospital payments to these programs, and further recommended that the Legislature shift an additional \$91 million in Federal funds from public hospital payments to offset State General Fund spending for these programs and certain clinic grant programs. DHS estimates that the total impact of both the Governor's proposal and the LAO's recommendation on the County would be \$68 million in FY 2008-09. While the LAO's report is not specific enough to determine how much of the reduction is attributable to each of the two funds, we estimate that if proportionate to the Governor's proposal, it would result in a loss of \$40.1 million from the SNCP and \$27.9 million from the South L.A. Preservation Fund. The LAO's proposal would increase the loss of outpatient visits within the County from 68,000 to over 220,000 annually. The uninsured that could not be treated in an outpatient setting would instead be treated in already overcrowded emergency rooms.

Consistent with existing Board policy to seek restoration of State Budget reductions and our opposition to the Governor's Budget proposal to shift funds from the SNCP and the South L.A. Preservation Fund, **our Sacramento advocates will oppose the LAO's recommendation to approve that proposal and shift an additional \$91 million to State-funded programs.** A DHS representative will be testifying at this hearing.

Status of County Advocacy Legislation

County-sponsored AB 564 (Brownley), which would authorize the Los Angeles County Flood Control District to impose stormwater-related property fees (subject to Proposition 218 state constitutional voter approval requirements), passed out of Senate Local Government Committee on a party line 3 to 2 vote. The bill now proceeds to the Senate Floor.

County-supported Assembly Bill 1491 (Jones), which would extend the deadline for the transfer of trial court facilities from counties to the State, was approved by the Senate Appropriations Committee on Thursday, March 06, 2008. The vote was 10 to 0 to move the bill directly to the Senate floor instead of holding it in the Committee's Suspense File. The floor vote is expected to take place next week before the Legislature begins its Spring recess.

We will continue to keep you advised.

WTF:GK
MAL:DD:lm

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants